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Argentina

Market Development Reports

Tree Nuts: Walnuts, Almonds, Hazelnuts, and Chestnuts

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Prepared by:

Gary C. Groves

U.S. Embassy

Drafted by:

Kenneth Joseph

Anna Malz

Report Highlights:

Local production of tree nuts does not satisfy the demands of the internal market. Local companies are small in size and, therefore, no single company dominates the market. In 1997, Argentine nut imports reached \$18.4 million, of which 32% was imported from the United States. Imported nuts have comparative advantages over domestic counterparts as they are better categorized according to size, and appropriately packaged. The best way that a new-to-the-market exporter can enter is to offer a quality product at a competitive price.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report

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A. Executive Summary

The stabilization of the Argentine economy in the early 1990s led to an influx of imports and as a result, expanded the taste of the Argentine consumer. This new taste came to include nuts, which previously had held only a small presence in the Argentine diet. The most popular and traditional nuts in Argentina today are almonds and walnuts. Hazelnuts and chestnuts have been readily accepted while pistachios are fairly new to the market and other nuts such as pecans are not well known in Argentina. Local production does not satisfy the demands of the internal market causing Argentina to import large quantities of tree nuts from various countries, the most important being the U.S. and Chile.

B. Consumption Trends

The market for nuts in Argentina is small to medium. Sales, however, soar during the Christmas season by as much as 200 percent. During the year, the traditional snack food for Argentines is peanuts, in part due to the ample domestic supply. However, increasing in popularity are shelled walnuts and almonds, which carry a large demand in the confectionary industry. In the retail sector, packaged nuts are available in their shells or shelled. Also gaining popularity are mixed roasted and salted nuts.

Walnuts are sold whole in their shell (washed and sized), as pulp, or shelled. The shelled walnut, once cleaned, is sold in bulk for use in the confectionary industry. Another destination is the production of candied walnuts, a product that is not well developed, but which is showing an increasing demand. Large quantities are used to manufacture this product and on a lesser scale, other sweets such as bonbons, and *turrone*s.

Almonds are most popular shelled although sales of in-shell almonds are also high.

Hazelnuts in-shell are only sold during Christmas time. The shelled product is almost exclusively destined for the confectionary industry, with a homogeneous demand throughout the year.

Pistachios are sold in-shell after they have gone through a process of drying, toasting or salting. The most common seed is yellow in color, although the fresh green pistachio is higher in demand. Pistachio seeds are used to make mayonnaise, mustard, and used to compliment fresh vegetables, meat, poultry, fish, cold cuts, noodles, and sauces; pistachios are also used in the production of creams, pastry, ice cream, yogurt, chocolate, and the traditional toasted nuts and salads.

C. Domestic and Foreign Competition

As domestic production was unable to satisfy consumer demand due to its low industry output as well as the lack of standardization and variable quality, Argentina began to rely very heavily on the international market for its supply of nuts. In 1997, Argentina imported 3,952 mt. of nuts for a total of \$18.4 million, of which 32 percent was imported from the U.S. An additional \$1.9 million was imported of roasted and salted mixed nuts, with U.S. imports totaling \$859,000.

Levels of imports have remained relatively stable in the past few years. Local production is centered on walnuts and to a lesser degree almonds. The provinces with highest production are Catamarca, La Rioja and Mendoza.

Together these regions constitute 90 percent of total production in Argentina. The lack of current official data on nut production in Argentina reflects the slow development of the sector at the national level. As most production occurs in remote provinces, data collection is difficult and not of top priority.

Recently in the province of La Rioja, an investment program was established for walnut production. The new trees are expected to produce better yields and nuts of higher quality. Standardization of the production process is hoped to increase domestic supply in the pursuant years.

Imported nuts have comparative advantages over domestic counterparts as they are better categorized according to size and appropriately packaged. The higher quality, however, is also reflected in the price. The main competitors for the U.S. are Brazil with cashews and Chile with almonds and walnuts. As MERCOSUR partners, these latter two countries have a great advantage over the U.S., as American companies pay a 13 percent tariff and those of Chilean or Brazilian origin pay none.

In the area of repackaged nuts, the most important brand is Montecoman, next is Ganso Azul and then Vermucito. It is important to note that these local companies are small in size and therefore no single company dominates the market.

The market for nuts as raw ingredients is quite large. In the area of chocolate there are approximately 10 competing companies of which the largest are Arcor, Kraft, and Nabisco-Terrabusi. *Pan dulce* (a type of fruit cake or sweet bread with nuts) is also a very large industry in Argentina with numerous companies established.

D. Distribution Channels

Nuts are either distributed to local companies which package them and sell them at the retail level as either whole or shelled or are sold as ingredients to the industrial sector, mainly for ice cream, pastry, and chocolate. Retail distribution through super and hypermarkets is very well established in Argentina where product representation is very high.

There is no uniformity in the local distribution system. Small producers do not have good representation and rely on direct distribution. Importers have the best established network for access to the local market as well as large companies who handle their imports directly.

The best way that a new to the market exporter can enter is to offer a quality product at a competitive price. At this time, no market promotions exist on a national level.

E. Pricing

Domestically grown nuts do not differ much in price from those imported. They tend to be slightly below the imported price. According to the standards established for each type of nut, prices vary accordingly.

Following are some indicative prices (including taxes) taken from major hypermarkets in Buenos Aires city:

Product	Package	Price (\$)
Walnuts in-shell	by weight	8.00/kg
Walnuts in-shell (Chile)	500 gms	3.29
Walnuts shelled	250 gms	5.89
Almonds in-shell	by weight	8.19/kg
Almonds in-shell (USA)	250 gms	1.39
Hazelnuts in-shell	by weight	8.19/kg
Hazelnuts in-shell	250 gms	1.19

F. Exports and Imports

The quantity of imported nuts has been growing since 1985 as a consequence of the shortage of national production to fulfill internal consumption. The total amount of nuts imported in 1997 was 3,952 mt, or 149 mt more than the previous year.

Almonds and walnuts are the most important imports, which together make up almost 92 percent of all imports of nuts, with 49 and 43 percent, respectively. Hazelnuts make up 7 percent of the total and the remaining percentage is made up of chestnuts, pistachios and other nuts. The main suppliers are Chile and U.S. and to a lesser degree Italy and Turkey.

The United States and Chile dominate the supply of almonds to Argentina. The total amount of shelled almonds imported in 1997 was 187 mt. or \$325,229. The U.S. held a 78% market share and Chile 22%. The total amount of shelled almonds imported in 1997 was 1,720 mt. or \$9,719,335 and the U.S. held a 55% market share, Chile 44% and other countries the remaining 1%.

The total amount of walnuts imported by Argentina in 1997 reached 1,687 mt., totaling more than \$7 million (in shell \$2,480,149; shelled \$4,901,188), a decrease of 5 mt. from the previous year. Chile dominated 92% of the market of walnuts in-shell and the U.S. held the remaining 8% (almost double the share of 1996). Of the eleven countries that exported shelled walnuts to Argentina, Chile held 86% of the market, India was second with 9% and the remainder was divided among the other countries. Argentina imported 984 mt. of walnuts in shell in 1997 and 702 mt. of shelled walnuts.

Argentina imported 141 mt. or \$269,203 of hazelnuts in shell in 1997. Italy supplied 44%, Chile 28%, and the U.S. 27%. A total of 151 mt. or \$682,474 of shelled hazelnuts was imported that same year. Italy had a 60% market share, Turkey 37% and the U.S. 2%.

Argentina imported 40 mt. of chestnuts in 1997, a decrease of 22 mt. from 1996. The import market in 1997 was worth \$48,572, with Chile having the largest share with 75%, followed by Spain with 15% and Bolivia with 10%.

Pistachio imports have remained constant in the past two years, not quite reaching 5 mt each year. The market value for imports in 1997 was worth \$38,387. The U.S. held a 66% share, Spain 25%, Turkey 9%. In 1996 the market was almost entirely dominated by the U.S. with 99% of the market.

The volume of tree nuts exported by Argentina is quite low, and all the more, very vulnerable from year to year. In 1997, Argentina exported 53 mt. of nuts while in 1996 the total number was only 3 mt. The principal destinations (in order of importance) for Argentine nuts were Paraguay, Uruguay, Chile and Brazil. Walnuts and almonds had the largest volume exported.

G. Import Regulations and Costs

Hazelnuts from the United States have a 9% import tariff while all other nuts including almonds with and without shell, walnuts with and without shell, chestnuts, and pistachios have a 13% import tariff. All imports pay a 0.5% statistical tax.

Following is an estimated cost of importation (e.g., imported walnuts, duty 13%):

* Cost of Importation	\$
FOB	100
CIF	109.6
Landed Cost	135.5
Grand Total (incl.VAT+Profit tax)	176.5

Official regulations form part of the decree number 9244/63, which consists of 20 chapters and 113 sections, and also contains regulations for the internal market and for export.

Walnuts

- Types: the following types of walnuts are sold

- a) shelled walnuts
- b) shelled walnuts

Comprised of the following types:

- halves
- quarters

- Size: classified as "giant", "large", "medium", "small", and "dwarf" according to the measure of the fruit, in agreement with the following scale:

- Giant: over 1.38 in.
- Large: between 1.18 and 1.38 in.
- Medium: between 0.98 and 1.38 in.
- Small: between 0.98 and 1.10 in.
- Dwarf: less than 0.98 in.

- Selection: there exist three grades of selection "Superior", "Select", "Common".
- Packaging: walnuts with or without shells are packaged according to the grades previously mentioned, satisfying general conditions of quality.
- Permitted tolerances: for walnuts with or without shells, and within every one of them for each grade of selection there exist distinct percentages of tolerances of nuts with manifestations of damages and defects.

Almonds

- Types: the following types of almonds are sold:

- a) Almonds with shells
 - I- "Hard shell"
 - II- "Semi-hard shell"
 - III- "Soft shell"

- b) Almonds without shells

- Size: they are classified by "Large", "Medium", or "Small", according to the measure of the fruit, in accordance to the following scale:

For almonds with shells

Large: over 1.38 in.

Medium: between 0.98 and 1.38 in.

Small: less than 0.98 in.

For almonds without shells

Large: over 0.98 in.

Medium: between 0.79 and 0.98 in.

Small: less than 0.79 in.

- Selection: three grades of selection exist for almonds: "Superior", "Select", "Common".
- Packaging: almonds with or without shells are packaged according to the previously mentioned grades of selection, satisfying general conditions of quality.
- Permitted tolerances: for almonds with or without shells, and within each grade of selection there exist distinct percentages of tolerance of nuts with manifestations of damages and defects.

Chestnuts

- Size: they are classified by "Large", "Medium", or "Small", according to the measure of the fruit, in accordance with the following scale:

Large: over 1.38 in.

Medium: between 0.98 and 1.38 in.

Small: less than 0.98 in.

- Selection: three grades of selection exist for chestnuts: "Superior", "Select", "Common".
- Packaging: chestnuts are packaged according to the previously mentioned grades of selection,

satisfying general conditions of quality.

- Permitted tolerances: for each grade of selection there exist distinct percentages of tolerance of nuts with manifestations of damages and defects.

H. List of Importers

The largest importers of nuts are local food processors, some importers/food ingredient agents and only a few supermarkets which import nuts directly.

Nut Importers

LAS BAYAS S.A.
Jose Cubas 3141
1419 Buenos Aires
Tel/fax: (54-11) 4574-1999

BLANCANUEZ S.A.
Juan A. Garcia 5415
1407 Buenos Aires
Tel: (54-11) 4567-9803
Fax: (54-11) 4567-9803

ROBERTO N. LORENZO S.A.C.I.F. Y A.
Boulogne Sur Mer 664, P.B.
1213 Buenos Aires
Tel/fax: (54-11) 4394-0165

BAVOSI S.A.
Alsina 418
1702 Ciudadela, Pcia. de Buenos Aires
Tel: (54-11) 4657-9253
Fax: (54-11) 4488-0820

JORGE COTO Y HNOS. S.A.
Jose M. Paz 3446
1636 Olivos, Pcia. de Buenos Aires
Tel: (54-11) 4799-1904
Fax: (54-11) 4711-6282

MONTECOMAN S.A.
Charlone 2117
1427 Buenos Aires
Tel: (54-11) 4523-6969/2117/2118
Fax: (54-11) 4523-0498

Food Processors

ARCOR S.A.I.C.
Herrera 899
1273 Buenos Aires
Tel: (54-11) 4310-9500
Fax: (54-11) 4310-9770

KRAFT SUCHARD ARGENTINA S.A.
Avda. L. N. Alem 466, pisos 6-10
1003 Buenos Aires
Tel: (54-11) 4319-4100
Fax: (54-11) 4319-4150

GEORGALOS HNOS. S.A.I.C.A.
Dr. Luis Belaustegui 2751
1416 Buenos Aires
Tel: (54-11) 4582-0010/0019
Fax: (54-11) 4582-1017

NESTLE ARGENTINA S.A.
Carlos Pellegini 887, piso 8
1009 Buenos Aires
Tel: (54-11) 4329-8100
Fax: (54-11) 4329-8200

BONAFIDE S.A.I.C.
Ruta 8, Km 17,800
1653 Villa Ballester, Pcia. de Buenos Aires
Tel: (54-11) 4738-7000
Fax: (54-11) 4738-7001

Supermarket Chains

CARREFOUR ARGENTINA S.A.
Avda. del Libertador 95
1638 Vicente Lopez, Pcia. de Buenos Aires
Tel: (54-11) 4796-6600
Fax: (54-11) 4796-6650

AUTOSERVICIO MAYORISTA LA LOMA
Avda. Marquez 4100
1655 Jose L. Suarez, Pcia. de Buenos Aires
Tel: (54-11) 4720-8800
Fax: (54-11) 4720-1240